

MINUTES OF THE BUDGET WORKSHOP OF THE CITY OF SEAFORD MAYOR AND COUNCIL

May 21, 2019

6:00 PM

Mayor David Genshaw called the Budget Workshop to order with the following present: Councilman Dan Henderson, Councilman Orlando Holland, Councilman James King, Councilman Matthew MacCoy, and Councilman H. William Mulvaney, III. Charles Anderson, City Manager, June Merritt, Director of Finance & HR, Marshall Craft, Chief of Police, Mike Rapa, Deputy Chief, Berley Mears, Director of Public Works, Bill Bennett, Director of Electric, Trisha Newcomer, Director of Economic Development and Community Relations, Mike Bailey, Building Official, and Katie Hickey, Superintendent of Parks & Recreation, were also present.

Mayor Genshaw explained that council members had met with staff since the last meeting to look at the budget and see what could be eliminated or postponed. City Manager Anderson came forward to present the modifications that had been made:

- Reducing the set-aside for the Compost Department's front-end loader and postponing the replacement to FY 2022 for a savings of \$20,000.
- In the WWTF Department, delaying the purchase of the scum grinder until FY 2021 for a reduction of \$20,000.
- For the Police Department, removing the LEXIPOL subscription, and instead replacing the Voice Stress Analyzer (VSA) and adding in expenses related to the School Resource Officer position, resulting in a net increase of \$60.
- In the Electric Department, postponing the replacement of the underground primary at Crossgate Village to FY 2021 for a savings of \$21,800.
- Postponing the Executive Department's purchase of video upgrades to a future budget year for a reduction of \$14,000.
- Financing the anticipated A/V purchases, including cameras at the Police Department, a server, and a storage server, estimated to cost \$113,000; financing this amount would reduce the amount budgeted in FY 2020 by an estimated \$72,280.

All of these changes result in a net reduction of the budget of \$148,020.

City Manager Anderson then discussed some items that had been presented for consideration at the first Budget Workshop:

- Anticipated costs for the health insurance renewal have reduced the budget deficit by \$147,271.
- The \$801,379 of reserve transfers budgeted in FY 2019 has not been used to date – this is attributed to unfilled positions and other expenses not realized. Reserve account balances have increased. Council may consider rolling this amount forward as a transfer for the FY 2020 budget.
- The decision was made to reduce electric revenues by \$100,000 and increase sewer revenues accordingly, resulting in a 4.55% increase, which equals \$2.05 per month or \$24.60 per year/EDU.
- As a result of the SRF loan being paid off, there is a capital reserve set-aside budgeted at \$569,282. Council could consider reducing this by \$231,620 for FY 2020.

- The postponement of new positions in the Administration, Economic Development, Police, and Dispatch Departments will result in a savings of \$143,505 between salary and insurance expenses.
- The five-year revisit of the compensation study, estimated to cost \$50,000, may be deferred until FY 2021.

Mr. Anderson explained that these were balancing items already included in the first draft of the FY 2020 budget.

Councilman Henderson asked for a total of these items. City Manager Anderson stated that the budget initially had a deficit of \$1,473,775, and these items total that amount.

Councilman King asked about the likelihood that the reserve transfer will not be needed in FY 2020. City Manager Anderson explained that staff tries to budget conservatively and account for all positions being filled and projects getting completed; however, there are usually employee vacancies that occur and there is always the chance that other expenditures may come in under budget. He noted that it is better to have enough included in the budget to start with than to have to come back to Council and ask for more money as needs arise. Mayor Genshaw added that the budget is really their best projection using a snapshot of the city's current situation.

Councilman MacCoy noted that council members had met with their individual departments and wondered if the forecast had changed and if any removed items should be put back into the budget. Councilman Henderson emphasized the fact that the city's budget is still at a deficit, and he didn't think that they should proceed as though it were a surplus.

Councilman King stated that he is opposed to increasing rates and that he would fully support the budget if the sewer rate increase could be removed. The other council members agreed. Councilman Henderson agreed that he thought the rate increase should be removed. He added that he thinks the capital reserve set-aside is important and the remaining \$48,020 should be applied to that.

Councilman Mulvaney asked if the \$20,000 allocated for the scum grinder was a set-aside amount or the full cost of a replacement. Berley Mears stated that it is the full replacement cost. Councilman Mulvaney asked if delaying the purchase will create a hardship for the department. Mr. Mears said that staff believes the current equipment will hold out for another year. Councilman King asked about the repaving of the Mount Olivet church parking lot. Mr. Mears replied that it is included in the FY 2020 budget.

Councilman MacCoy stated that he feels that the video upgrades are important and would like to see that item added back into the budget, now that rates won't have to be increased in order for the upgrades to happen. City Manager Anderson noted that staff has anticipated other A/V upgrades to cost around \$113,000, which is going to be financed; there is a chance that equipment could come in under budget and the video upgrades could be added in. Trisha Newcomer added that the city will receive state contract pricing for the equipment. Mayor Genshaw stated that he thought the video upgrades should be left out of the budget for now.

Mayor Genshaw asked if council had reached an agreement for a budget recommendation to take to the next Council Meeting. City Manager Anderson said that his understanding was to accept all budget reductions as proposed; of the amount that was yielded, \$100,000 should be allocated so that the sewer rate increase is eliminated, and the remaining \$48,020 will be applied to the capital reserve set-aside for the future WWTF expansion. Council members agreed. The FY 2020 budget will be placed on the June 11th Council Meeting agenda for approval.

With no further questions or comments, Mayor Genshaw adjourned the Budget Workshop at 6:25 p.m.

Charles Anderson, City Manager

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